



BRENDEL W. DEEMER, CPA
bwdeemer@bellsouth.net

HOPE HOUSE, INC.

**Accountant's Review and Attestation Reports,
With Financial Statements and
Notes To the Financial Statements**

For The Year Ended June 30, 2006

Deemer CPA and Consulting Services, LLC

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12-13-06

Hope House, Inc.
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CPA & CONSULTING
SERVICES, LLC

BRENDEL W. DEEMER, CPA
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Accountant's Review Report

To the Board of Director's of
Hope House, Inc.

I have reviewed the accompanying statement of financial position of Hope House, Inc. (a non-profit corporation) as of June 30, 2006, and the related statement of activities and cash flows for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Hope House, Inc.

A review consists principally of inquiries of Hope House, Inc.'s personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

Deemer CPA and Consulting Services, LLC
Deemer CPA and Consulting Services, LLC

New Orleans, Louisiana
November 13, 2006

Hope House, Inc.
Statement of Financial Position
As of June 30, 2006

Assets

Cash	\$ 102,079
Employee Advances	2,103
Grants Receivable	32,263
Investments	21,592

Fixed Assets

Land	42,000
Buildings and Leasehold Improvements	179,108
Equipment	44,426
Accumulated Depreciation	<u>(201,242)</u>
Total Fixed Assets (Net)	64,292

Total Assets	\$ <u>222,329</u>
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Liabilities and Net Assets

Accounts Payable	\$ 1,361
Deferred Revenue	5,418
Intracompany Payable	<u>2,873</u>
Total Liabilities	9,652

Net Assets

Unrestricted	<u>212,677</u>
Total Net Assets	212,677
Total Liabilities and Net Assets	\$ <u>222,329</u>

The accompanying notes are an integral part of these financial statements

Hope House, Inc.
Statement of Activities
For the Fiscal Year Ended June 30, 2006

Revenues, Gains, and Other Support

Grant funds	\$ 99,117
Donations	183,195
Fundraisers	2,250
Investment	2,978
Rent	2,500
Other	<u>33,241</u>

Total Revenues, Gains, and Other Support 323,281

Program Services

Adult Learning Center	43,252
Family Transitional Housing	94,002
Direct Services	<u>62,909</u>

Total Program Expense 200,163

Support Services

General and Administrative 96,603

Total Expenses 296,766

Change in Net Assets 26,515

Net Assets At Beginning Of Year 186,162

Net Assets At End Of Year \$ 212,677

The accompanying notes are an integral part of these financial statements.

Hope House, Inc.
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2006

Cash Flows From Operating Activities:

Changes in Net Assets	\$ 26,515
Adjustments to Reconcile Net Revenues over Expenditures to Net Cash Provided by Operating Activities	
Depreciation Expense	25,993
Changes in Operating Assets and Liabilities	
Grant Receivable	(10,478)
Employee Advance	(700)
Accounts Payable	(1,302)
Deferred Revenue	5,418
Intracompany Payable	<u>(484)</u>
Net Cash Provided by Operating Activities	44,962

Cash Flows From Investing Activities:

Purchase/Sale of Investments and Securities	<u>(2,736)</u>
Net Cash Provided by Investing Activities	(2,736)

Cash Flows From Financing Activities:

Net Cash Provided by Financing Activities	0
Net Cash Increase for Period	42,226
Cash, At Beginning of Period July 1, 2005	<u>59,853</u>
Cash, At End of Period June 30, 2006	<u><u>\$ 102,079</u></u>

The accompanying notes are an integral part of these financial statements.

Hope House, Inc.
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2006

1. Summary of Significant Accounting Principles

General - Hope House, Inc. is a nonprofit corporation located at 916 St. Andrew Street, in New Orleans, Louisiana. The organization provides many social services including housing, adult literacy and job training programs.

Hope House's main source of funding is grants from the Louisiana State Department of Education, City of New Orleans' Emergency Shelter Grant, and Family Transitional Housing funds and private donations.

Basis of Accounting - Hope House Inc.'s financial statements are prepared on the accrual basis of accounting, whereby revenue is recorded when earned and expenses are recorded when incurred.

Property and Equipment - The straight line method of depreciation is used for the assets owned by Hope House, Inc. The estimated useful lives of these assets range from 3 to 40 years.

Income Taxes - Hope House, Inc. has been determined to be tax exempt under Section 501 (c) of the Internal Revenue Code.

Cash - Cash is comprised of cash on hand and in banks.

Investments - Investments are stated at cost, which approximates market.

2. Investments

The investment securities consist of Money Funds in the amount of \$21,592 at June 30, 2006.

3. Grant Receivable

Grant receivable in the amount of \$32,263 at June 30, 2006 consists of cost reimbursement requests for certain grants that were not received as of year end. The receivable is deemed collectible, therefore no allowance for doubtful accounts has been established.

4. Employee Advances

Hope House, Inc. has various outstanding loans with certain employees ranging from fifty (\$50) to five hundred dollars (\$500). The loans have no stated rate of interest or specified payback period.

5. Restrictions on Net Assets

Restrictions placed on net assets are related to the funds received by Hope House, Inc. from federal grant awards. These restrictions are released as grant rules and regulations are met by the organization.

6. Property and Equipment

Property and Equipment consisted of the following at June 30, 2006:

Land	\$ 42,000
Buildings and Leasehold Improvements	179,108
Equipment	<u>44,426</u>
Total	265,534
Less: Accumulated Depreciation	<u>(201,242)</u>
Total Property and Equipment	<u>\$ 64,292</u>

7. Donations

Hope House, Inc. received \$133,289 in donations from various persons and businesses. These donations did not have substantial donor restrictions.

8. Deferred Revenue

The agency received certain federal grant funds at the end of the fiscal year which were to be utilized on a program that started in August 2006.

Hope House, Inc.
Schedule of Functional Expenses
For the Fiscal Year Ended June 30, 2006

	Program Services			Supportive Services		
	Adult Learning Center	Family Trans. Housing	Direct Services	Total Program Svcs.	Management & General	Total Expenses
Payroll Expenses	\$ 31,357	\$ 29,154	\$ 9,862	\$ 70,373	\$ 40,249	\$ 110,622
Direct Assistance	0	0	17,457	17,457	0	17,457
Professional Svcs.	0	3,000	0	3,000	6,249	9,249
Utilities	668	2,405	17,710	20,783	2,797	23,580
Telephone	1,166	0	1,408	2,574	1,388	3,962
Supplies	4,852	4,185	8,014	17,051	660	17,711
Administrative Fee	0	2,460	0	2,460	0	2,460
Employee Benefits	2,312	2,356	0	4,668	7,956	12,624
Insurance	0	950	2,050	3,000	9,698	12,698
Repairs and Maint.	0	42,964	5,753	48,717	0	48,717
Depreciation	0	0	0	0	25,993	25,993
Rent Expense	2,750	0	0	2,750	0	2,750
Gifts	0	0	0	0	299	299
Postage	0	0	74	74	501	575
Printing	147	0	0	147	164	311
Dues and Subscript.	0	0	0	0	25	25
Miscellaneous	0	0	0	0	593	593
Vehicle Expense	0	6,528	398	6,926	0	6,926
Bank Charges	0	0	183	183	31	214
Total Expenses	\$ 43,252	\$ 94,002	\$ 62,909	\$ 200,163	\$ 96,603	\$ 296,766

See Accountant's Review Report.

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Entities)

November 1, 2006

Deemer CPA and Consulting Services, LLC

4335 Werner Drive

New Orleans, Louisiana 70126

(Auditors)

In connection with your review of our financial statements as of June 30, 2006 and for the period then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of November 1, 2006.

Federal, State, and Local Awards

We have detailed for you the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Yes ☒ No ☐

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and grantor officials.

Yes ☒ No ☐

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes ☒ No ☐

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes ☒ No ☐

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Yes ☒ No ☐

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance

Yes ☒ No ☐

Prior Year Comments

We have resolved all prior-year recommendations and/or comments.

N/A
Yes ☐ No ☐

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the federal, state, and local grants, to include the applicable laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We will also disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance which may occur up to the date of your report.

SR. Helienne Flewin Secretary
11/27/06 Date

SR. Helienne Flewin Treasurer
11/27/06 Date

3 minute Page President
11/27/06 Date

**ATTESTATION REPORT
(Quasi-Public Entity)**

**Independent Accountant's Report
on Applying Agreed-Upon Procedures**

To the Management of Hope House, Inc.

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Hope House, Inc., the Legislative Auditor, State of Louisiana, and applicable state grantor agency/agencies solely to assist the users in evaluating management's assertions about Hope House's compliance with certain laws and regulations during the period ended June 30, 2006 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested or for any other purpose.

Federal, State, and Local Awards

1. Determine the amount of Federal, state and local award expenditures for the fiscal year, by grant and grant year.

Grant Source	Grant Period	Grant Expenditures 7/1/05 – 6/30/06
Unity for the Homeless	12/1/05- 11/30/06	\$19,965
LA Dep't of Education	7/1/05- 6/30/06	\$43,252
ESG 19	1/1/06- 12/31/06	\$35,900
Total		\$ 99,117

2. For each Federal, state, and local award, I randomly selected 6 disbursements from the award administered during the period under examination.

There were three separate funding sources, from which 6 disbursements were randomly selected during the period of July 1, 2005 through June 30, 2006.

3. For the items selected in procedure 2, I attempted to trace the eighteen disbursements to supporting documentation as to proper amount and payee.

I have examined cancelled checks and/or bank statements that included each of the eighteen selected disbursements to determine whether or not the proper amount was made payable to the correct payee. There were no exceptions noted when performing this procedure.

4. For the items selected in procedure 2, I attempted to determine if the eighteen disbursements were properly coded to the correct fund and general ledger account.

There were no exceptions noted while performing this procedure. The eighteen disbursements selected appeared to be properly coded to the correct fund and general ledger accounts.

5. For the items selected in procedure 2, I attempted to determine whether the eighteen disbursements received approval from proper authorities.

The eighteen disbursements tested appeared to have approval from the proper authorities through review of supporting documentation and check signatures.

6. For the items selected in procedure 2: For federal, state and local awards, I determined whether the disbursements complied with the grant agreement, relating to:

Activities allowed or unallowed:

I reviewed the previously listed disbursements for types of services allowed or not allowed. The allowability requirements appeared to be met for each of the eighteen disbursements, because expenditures were included in the approved budget and appeared to coincide with the goals of the program.

Eligibility

I reviewed the previously listed disbursements for eligibility requirements. Disbursements were in accordance with the approved budget for the eighteen disbursements reviewed.

Reporting

I reviewed the previously listed disbursements for reporting requirements. The eighteen disbursements selected were reported properly.

7. For the programs selected for testing in item (2), I planned to compare the close-out report, when required, with the entity's financial records to determine whether the amounts agree.

There were no required close-out reports provided for the programs and period under examination.

Meetings

8. I examined evidence indicating that agendas for meetings recorded in the minute book were posted as an open meeting as required by LSA-RS 42:1 through 42:12 (the open meetings law).

Management has asserted that "open meetings" documents were properly posted on the door of board meetings, and complete agendas were made available, as required. I was provided a copy of the documents that were posted which appeared to have met the open meetings LSA-RS 42:1 through 42-12 requirements.

Comprehensive Budget

9. For all grants exceeding five thousand dollars, we determined that each applicable federal, state, or local grantor agency/agency was provided with a comprehensive budget of those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Hope House, Inc. provided comprehensive budgets to the applicable local, state, and federal grantors for the programs mentioned previously. These budgets specified the anticipated uses of the funds, estimates of the duration of the project, and plans showing specific goals and objectives that included measures of performance.

Prior Comments and Recommendations

10. I reviewed the prior year review/attestation report for any prior-year suggestions, recommendations, and/or comments to determine the extent to which such matters have been resolved.

There were no prior year findings to review.

I was not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the use of the management of Hope House, Inc., the Legislative Auditor (State of Louisiana), and the applicable state grantor agency/agencies and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Deemer CPA and Consulting Services, LLC
November 13, 2006